

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-257-WS

IN RE: Application of Kiawah Island Utility, Inc.)	
Inc. for Adjustment of Rates and Charges)	
and Modifications to Certain Terms)	APPLICATION
and Conditions for the Provision of Water)	
and Sewer Service)	

Kiawah Island Utility, Inc. (“Applicant” or “Company”) would respectfully show unto, and request of, the South Carolina Public Service Commission (“Commission”) as follows:

BACKGROUND

1. The Applicant is a corporation in good standing organized under the laws of the State of South Carolina.
2. The Applicant is a public utility, as defined by S.C. Code Ann. §58-5-10(4), providing water and sewer service to the public for compensation in certain areas of South Carolina, specifically Kiawah Island.
3. The Applicant provides service pursuant to the rates approved by the Commission in Order 2017-277(A) in Docket No. 2016-222-WS.
4. All communications or inquiries regarding this Applicant should be directed as set forth below:

Charles L.A. Terreni
Terreni Law Firm, LLC
1508 Lady Street
Columbia, SC 29201
(803)771-7228
(803) 771-8778 (F)
charles.terreni@terrenilaw.com

Scott Elliott
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
(803) 771-0555
(803) 771-8010 (F)
selliott@elliottlaw.us

REQUEST FOR RATE RELIEF AND APPROVAL OF RATE SCHEDULE MODIFICATIONS

5 Pursuant to S.C. Code Ann. §58-5-240 and 26 S.C. Code Ann. Regulations RR. 103-712.4.A and 103-512.4.A, Applicant requests that the Commission approve the monthly water and sewer service charges set forth in the rate schedules attached hereto and incorporated herein by this reference as Exhibit "A". The Company also requests approval of any and all fees and charges contained in these schedules.

SUPPORTING DOCUMENTATION

6. The Applicant proposes a test year of January 1, 2017 to December 31, 2017 and has prepared certain financial statements relating to that time period in support of the Application, which statements are attached hereto and incorporated herein by this reference as Exhibit "B". These financial statements include the following:

- a) Balance sheet (Schedule A)
- b) Current and pro forma income and expense statements (Schedule B)

- c) Schedule of billed revenue at current and proposed rates, effect of proposed rates and water and sewer assumption analysis (Schedule C)
- d) Schedule of fixed assets and depreciation (Schedule D)
- e) Schedule of present and projected customers. (Schedule E)
- f) Water and sewer proposed revenues (Schedule F)
- g) Schedule of proposed rates (Schedule G)

7. Attached hereto and incorporated herein by this reference as Exhibit "C" is the most recent approval letter from the South Carolina Department of Health and Environmental Control ("DHEC").

8. Attached hereto and incorporated herein by this reference as Exhibit "D" is the Company's current customer bill form.

9. Attached hereto and incorporated herein by this reference as Exhibit "E" is evidence of the Company's most recent Gross Receipts Tax filing.

10. The Company's Annual Report for the last period is on file with this Commission.

11. There is on file with this Commission a performance bond given to satisfy the requirements of S.C. Code Ann. § 58-5-720.

12. A map depicting Applicant's current service area is on file with the Commission.

13. The financial statements, the other documents submitted herewith, and the references to documents on file with the Commission are offered to comply with Commission Rules R. 103-512.4 and R. 103-712.4 and to provide information useful to the Commission in considering the reasonableness of the proposed rate schedule.

NEED AND JUSTIFICATION FOR RATE RELIEF

14. Applicant submits that rate relief is justified because rate relief was last granted on May 26, 2017, based on a 2015 test year. It has been over a year since rates were increased, and the increase was based on company financial information that is now approaching three years old. The proposed rate increase is necessary for the company to provide reasonable and adequate service to its customers, cover its expenses, be permitted an opportunity to earn a reasonable return on its investment, and attract capital for future improvements. The rates proposed are also necessary to allow the Applicant to comply with the standards and regulations set by DHEC and other environmental regulatory authorities. The proposed rates will preserve the financial integrity of Applicant, promote continued investment in and maintenance of its facilities, and thereby permit Applicant to continue providing reliable and high-quality water and sewer services.

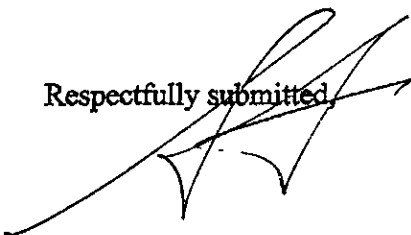
15. Expenses giving rise to this application include the Company's interest on long term debt, payroll and benefits costs necessary for KIU to attract and retain qualified employees, overhead and management expenses, and a slight increase in the Company's operating margin. These items are more particularly described in Exhibit B, Schedule B, to this Application. The Company is also requesting a decrease to its Fire Hydrant Service Charge from \$134.79 to \$110.00 per year (-18.39%) as reflected on Exhibit A and Exhibit B, Schedule F to this Application. The decrease in the Fire Hydrant Service Charge is being reduced in response to a complaint from the St. John's Fire District that the charge is too high.

REQUEST FOR OPERATING MARGIN TREATMENT

16. Applicant requests the Commission continue to set its rates according to the operating margin method in this proceeding.

WHEREFORE, having fully set forth its Application, Kiawah Island Utility, Inc. prays that the Commission approve the rates proposed and grant to Applicant such other and further relief as the Commission may deem just and proper.

Respectfully submitted,



Scott Elliott, Esquire
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
Phone: (803) 771-0555
Fax: (803) 771-8010
Email: selliott@elliottlaw.us

Charles L.A. Terreni, Esquire
Terreni Law Firm, LLC
1508 Lady Street
Columbia, SC 29201
(803) 771-7228
(803) 771-8778 (facsimile)
Email: charles.terreni@terrenilaw.com

Attorneys for Kiawah Island Utility, Inc.

Columbia, South Carolina

October 25, 2018

EXHIBIT A

Tariff

EXHIBIT "A"

KIAWAH ISLAND UTILITY, INC.

SCHEDULE OF PROPOSED RATES AND CHARGES

RATE SCHEDULE NO. 1 RESIDENTIAL SERVICEAVAILABILITY- Available within the Company's service area.APPLICABILITY-Applicable to any residential customer for any purpose.Water Service Charges

	<u>Current</u>	<u>Proposed</u>
A. Base Facilities Charge		
5/8" meter	\$ 34.29	\$ 37.71 /mo.
3/4" meter	\$ 51.44	\$ 56.56 /mo.
1" meter	\$ 85.73	\$ 94.27 /mo.
1.5" meter	\$ 171.46	\$ 188.54 /mo.
2" meter	\$ 274.35	\$ 301.68 /mo.
3" meter	\$ 600.14	\$ 659.91 /mo.
4" meter	\$1,722.32	\$1,893.86 /mo.
Base Facilities Charge for water service with meters larger than 4" shall be:		
<u>Maximum recommended meter capacity (gpm) x \$37.71 per mo.</u>		
20 gpm		
B. Consumption Charge		
All up to 11,000 gal/mo.	\$ 4.21/1000 gal.	\$ 4.63/1000 gal.
C. Excess Consumption Charge #1	\$ 4.72/1000 gal.	\$ 5.19/1000 gal.
All over 11,000 gal/mo. and up to 50,000 gal/mo.		
D. Excess Consumption Charge #2	\$ 5.03/1000 gal.	\$ 5.53/1000 gal.
All over 50,000 gal/mo.		

Sewer Service Charges

A. Base Facilities Charge		
5/8" water meter	\$ 26.20	\$ 28.81 /mo.
3/4" water meter	\$ 39.30	\$ 43.21 /mo.

EXHIBIT "A"

1" water meter	\$ 65.49	\$ 72.01 /mo.
1.5" water meter	\$ 130.98	\$ 144.03 /mo.
2" water meter	\$ 209.57	\$ 230.44 /mo.
3" water meter	\$ 458.43	\$ 504.09 /mo.
4" water meter	\$1,417.35	\$1,558.52 /mo.

Base Facilities Charge for sewer service where water service is through meters larger than 4" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$28.81 \text{ per mo.}}{20 \text{ gpm}}$$

B. Consumption Charge		
All up to 11,000 gal/mo.	\$ 0.69/1000 gal.	\$ 0.76/1000 gal.

Tap-in Fees

Water Tap-in Fee	\$500.00	\$ 500.00
Sewer Tap-in Fee	\$500.00	\$ 500.00

The tap-in fee provides for installation of the normal size residential meter of 5/8" by 3/4".

Where the customer requests a larger meter, the Company will apply the tap-in schedule for larger meters as listed in Rate Schedule No. 2 Commercial Service.

RATE SCHEDULE NO. 2 COMMERCIAL SERVICE

AVAILABILITY- Available within the Company's service area.

APPLICABILITY- Applicable to any commercial or master metered residential customer for any purpose except hotel or motel use (see Rate Schedule No. 3).

Water Service Charges

	<u>Current</u>	<u>Proposed</u>
A. Base Facilities Charge		
5/8" meter	\$ 34.29	\$ 37.71/mo.
3/4" meter	\$ 51.44	\$ 56.56/mo.
1" meter	\$ 85.73	\$ 94.27/mo.
1.5" meter	\$ 171.46	\$ 188.54/mo.
2" meter	\$ 274.35	\$ 301.68/mo.
3" meter	\$ 600.14	\$ 659.91/mo.
4" meter	\$1,722.32	\$1,893.86/mo.

Base Facilities Charge for water service with meters larger than 4" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$37.71 \text{ per mo.}}{20 \text{ gpm}}$$

EXHIBIT "A"

B.	Consumption Charge	\$ 5.03/1000 gal. For all consumption	\$ 5.53/1000 gal. For all consumption
----	--------------------	--	--

Sewer Service Charges

A.	Base Facilities Charge		
	5/8" water meter	\$ 26.20	\$ 28.81 /mo.
	3/4" water meter	\$ 39.30	\$ 43.21 /mo.
	1" water meter	\$ 65.49	\$ 72.01 /mo.
	1.5" water meter	\$ 130.98	\$ 144.03 /mo.
	2" water meter	\$ 209.57	\$ 230.44 /mo.
	3" water meter	\$ 458.43	\$ 504.09 /mo.
	4" water meter	\$1,417.35	\$1,558.52 /mo.

Base Facilities Charge for sewer service where water service is through meters larger than 4" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$28.81 \text{ mo.}}{20 \text{ gpm}}$$

B.	Consumption Charge	\$ 2.68/1000 gal. For all consumption	\$ 2.95/1000 gal. For all consumption
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Tap-in Fees

	<u>Water Tap-in Fees</u>	<u>Sewer Tap-in Fees</u>
5/8" meter	\$ 500.00	\$ 500.00
3/4" meter	\$ 750.00	\$ 750.00
1" meter	\$ 1,250.00	\$ 1,250.00
1.5" meter	\$ 2,500.00	\$ 2,500.00
2" meter	\$ 4,000.00	\$ 4,000.00
3" meter	\$ 8,750.00	\$ 8,750.00

Water tap-in fee and sewer tap-in fee for water and sewer service where water meter is larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$500.00}{20 \text{ gpm}}$$

RATE SCHEDULE NO. 3 HOTEL AND MOTEL SERVICE

AVAILABILITY- Available within the Company's service area.

APPLICABILITY- Applicable to all hotel and motel customers for any purpose.

EXHIBIT "A"

Water Service Charges

Base Facilities Charge	\$ 13.77/mo./room	\$ 15.14/mo./room
All Consumption	\$ 5.03/1000 gal.	\$ 5.53/1000 gal.

Sewer Service Charges

Base Facilities Charge	\$ 10.47/mo./room	\$ 11.51/mo./room
All Consumption	\$ 2.68/1000 gal.	\$ 2.95/1000 gal.

Tap-in Fees

Water Tap-in Fee	\$220.00	\$ 220.00/room
Sewer Tap-in Fee	\$220.00	\$ 220.00/room

RATE SCHEDULE NO. 4 IRRIGATION SERVICE

AVAILABILITY- Available within the Company's service area. The Company reserves the right to limit or reduce the irrigation service available when, in its sole judgement, its water system conditions require such restrictions.

APPLICABILITY- Applicable only to customers who anticipate substantial potable water use which will not be returned to the Company's wastewater treatment system such as irrigation. Such water consumption shall be metered separately from any water use supplied under other rate schedules.

Water Service Charges

A.	Base Facilities Charge		
	5/8" meter	\$ 34.29	\$ 37.71 /mo.
	3/4" meter	\$ 51.44	\$ 56.56 /mo.
	1" meter	\$ 85.73	\$ 94.27 /mo.
	1.5" meter	\$ 171.46	\$ 188.54 /mo.
	2" meter	\$ 274.35	\$ 301.68 /mo.
	3" meter	\$ 600.14	\$ 659.91 /mo.
	4" meter	\$1,722.32	\$1,893.86 /mo.

Base Facilities Charge for water service with meters larger than 4" shall be:

Maximum recommended meter capacity (gpm) x \$37.71 per mo.
20 gpm

B.	Consumption Charge		
	All up to 50,000 gal/mo.	\$ 4.72/1000 gal.	\$ 5.19/1000 gal.

EXHIBIT "A"

C.	Excess Consumption Charge	\$ 5.03/1000 gal.	\$ 5.53/1000 gal.
	All over 50,000 gal/mo.		

Tap-in Fees

5/8" meter	\$ 500.00	\$ 500.00
3/4" meter	\$ 750.00	\$ 750.00
1" meter	\$1,250.00	\$ 1,250.00
1.5" meter	\$2,500.00	\$ 2,500.00
2" meter	\$4,000.00	\$ 4,000.00
3" meter	\$8,750.00	\$ 8,750.00

Water tap-in fee where water meter is larger than 3" shall be:

$$\frac{\text{Maximum recommended meter capacity (gpm)} \times \$500.00}{20 \text{ gpm}}$$

RATE SCHEDULE NO. 5 FIRE HYDRANT SERVICE

AVAILABILITY- Available within the Company's service area.

APPLICABILITY- Applicable to fire hydrants connected to Company's water mains.

Water Service Charges

Fire hydrant payable semiannually in advance for fire fighting service.

\$ 134.79/hydrant \$ 110.00/hydrant

When temporary water service from a hydrant is requested by a contractor or others, a meter will be installed and the charge will be:

\$8.00 for each day of use, PLUS \$5.53/1000 gals for ALL water used, PLUS a \$50.00 security deposit.

RATE SCHEDULE NO. 6 GOLF COURSE IRRIGATION

AVAILABILITY- Available within the Company's service area.

APPLICABILITY- Applicable for golf course irrigation where the customer agrees to take as a minimum quantity the treated effluent from the wastewater treatment plant.

EXHIBIT "A"

Water Service Charges

A. Effluent water will be billed at a rate of:		
Base Facilities Charge	\$4,349.68/mo.	\$4,782.91/mo.
per Golf Course		
Consumption	\$ 0.19/1000 gal.	\$ 0.21/1000 gal.
B. Deep well water will be billed at a rate of:		
Base Facilities Charge	\$1,065.54/mo.	\$1,171.67/mo.
Per Golf Course		
Consumption	\$ 0.28/1000 gal.	\$ 0.31/1000 gal.
C. Potable water will be billed at a rate of:		
Base Facilities Charge	\$ 815.39/mo.	\$ 896.60/mo.
per Golf Course		
Consumption	\$ 5.03/1000 gal.	\$ 5.53/1000 gal.

RATE SCHEDULE NO. 7 FIRE LINE SERVICE

AVAILABILITY- Available within the Company's service area.

APPLICABILITY- Applicable for private fire lines.

Water Service Charges

Base Facilities Charge		
2" Line	\$ 8.09/mo.	\$ 8.90/mo.
3" Line	\$ 14.81/mo.	\$ 16.29/mo.
4" Line	\$ 25.67/mo.	\$ 28.23/mo.
6" Line	\$ 51.34/mo.	\$ 56.45/mo.
8" Line	\$ 89.93/mo.	\$ 98.89/mo.

Tap-in Fees

2" Line	\$ 4,000.00	\$ 4,000.00
3" Line	\$ 8,750.00	\$ 8,750.00
4" Line	\$25,000.00	\$25,000.00

Water tap-in fee where the service is larger than 4" shall be based on the tap-in fee schedule as listed in the Commercial Service Schedule No. 2.

EXHIBIT "A"

**CHARGES FOR SERVICE DISCONTINUANCE, RECONNECTION
AND OTHER MISCELLANEOUS SERVICE CHARGES**

1. When a customer requests discontinuance of service for the purpose of not receiving a monthly statement, the Company shall charge the equivalent of three months of basic facilities charges for both water and sewer service and require payment of such charges when for any reason service is restored to that particular customer.
2. Reimbursement of costs to make repairs to services or meters caused by others will be charged at actual cost as allowed per PSC Regulations 103-726 and R 103.733.5.
3. Whenever service is disconnected for violation of rules and regulations, nonpayment of bills or fraudulent use of service, the Company will charge a \$70.00 fee to restore service.
4. A service fee of \$25.00 shall be charged by the Company for non-routine, non-emergency service performed for the customer on the customer's side of the meter.
5. Delinquent Notification Fee - A fee of \$20.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notice to the customer creating the cost.
6. Customer Initiation Fee - A one-time fee of \$25.00 will be charged to each new account to defray costs of initiating service.
7. Return Check Fee When a check is returned from the bank for Non-Sufficient Funds, a fee equal to the maximum amount permitted by S.C. Code Ann. Section 34-11-70 will be charged.
8. Safe Drinking Water Fee If the South Carolina Department of Health and Environmental Control charges the Company an assessment based on customer units served by the Company, the Company may bill its customers for the applicable unit cost of that assessment. The charge shall be identified on a separate billed item, identified as the SDW fee and included in the total of the service billing.

EXHIBIT "A"

PURCHASED WATER ADJUSTMENT

Kiawah Island Utility, Inc. ("Company") purchases its potable water from the St. John's Water Company ("St. John's"), which in turn purchases the water from the Commissioners of Public Works of the City of Charleston ("CPW"). Whenever CPW increases the price of water sold to St. John's, the increase in price is passed through to the Company pursuant to the water purchase agreement between the Company and St. John's.

The water purchase agreement also provides, as part of the purchased water price, a pro-rata share of St. John's annual operation and maintenance costs to be charged to the Company. Therefore, the Company's revenue requirement for purchased water is made up of the water unit price per thousand gallons and the operation and maintenance costs charged by St. John's.

Accordingly, whenever there is a price adjustment for the purchase of potable water to Kiawah Island Utility, Inc. by the St. John's Water Company, the following billing adjustment shall be made by the Company to its customer rates:

1. Billing Adjustment

In the event that St. John's adjusts (whether an increase or decrease) the unit price per 1,000 gallons and/or the operation and maintenance charges related to the purchase of potable water, the following billing adjustment practice would apply:

- (a) If the unit price is adjusted the cost change per 1,000 gallons would be passed through to the customers as an adjustment in like amount to the consumption charge on their water bill.

Example: The unit price of purchased water is increased by two cents per 1,000 gallons. The consumption charge on the customer's bill would reflect a two cent per 1,000 gallon increase.

- (b) If the pro-rata operation and maintenance charge is adjusted the cost change per 1,000 gallons (based on the most recent 12 months of potable water billed) would be passed through to the customers as an adjustment to the consumption charge on their water bill.

Example: The annual operation and maintenance charge is increased by \$18,000 and the most recent 12 months of potable water billed is 900,000 thousand gallons. The consumption charge on the customer's bill would reflect a two cent per 1,000 gallon increase.

2. Notification

Any special billing adjustment shall not be billed until the following conditions are met:

- (a) The Company shall furnish the South Carolina Public Service Commission

EXHIBIT "A"

satisfactory proof of the basis for the adjustment and the billing method to be utilized at least sixty (60) days prior to its proposed effective date.

- (b) The Company shall furnish thirty (30) days prior written notice to the customers affected by the Purchased Water Adjustment advising them of the basis for the billing adjustment and its effective date.

EXHIBIT B

Schedules A through G

SCHEDULE A

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Line No.	NARUC ACCOUNT NUMBER AND TITLE	FINANCIAL STATEMENTS 12/31/2017
1	UTILITY PLANT	
2	101 Utility Plant in Service	32,524,454
3	101.A Donated and Other Non Rate Setting Assets	17,368,022
4	102 Utility Plant Leased to Others	1,921,989
5	103 Property Held for Future Use	-
6	104 Utility Plant Purchased or Sold	-
7	105 Construction Work in Progress	16,424
8	Total Utility Plant	51,830,889
9	ACCUMULATED DEPRECIATION	
10	108 Utility Plant in Service	(10,299,238)
11	108.A Donated and Other Non Rate Setting Assets	(7,541,327)
12	Total Accumulated Depreciation	(17,840,565)
13	ACCUMULATED AMORTIZATION	
14	101.1 Utility Plant in Service	(1,551,802)
15	108.A Donated and Other Non Rate Setting Assets	-
16	Total Accumulated Amortization	(1,551,802)
17	TOTAL NET UTILITY PLANT	32,438,522
18		
19	CURRENT AND ACCRUED ASSETS	
20	131.1 Cash on Hand	-
21	131.2 Cash in Bank	328,990
22	132 Special Deposits (Interest and/or Dividends)	-
23	141 Customer Accounts Receivable	483,352
24	143 Accumulated Provision for Uncollectible Accounts-Credit	(5,329)
25	151 Plant Material and Supplies	-
26	153 Other material and Supplies	9,815
27	162 Prepayments	186,113
28	172 Rents Receivable	-
29	173 Accrued Utility Revenue	257,416
30	174 Miscellaneous Current and Accrued Assets	300
31	TOTAL CURRENT AND ACCRUED ASSETS	1,260,657
32		
33	DEFERRED DEBITS	
34	181 Unamortized Debt Discount and Expense	87,390
35	186 Miscellaneous Deferred Debits	-
36	186.1 Deferred Rate Case Expense	158,917
37	186.2 Other Deferred Debits	17,936,899
38	186.3 Regulatory Assets	-
39	190.1 Accumulated Deferred Federal Income Taxes	-
40	190.2 Accumulated Deferred State Income Taxes	-
41	TOTAL DEFERRED DEBITS	18,183,206
42		
43	TOTAL ASSETS AND OTHER DEBITS	51,882,385

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Line No.	NARUC ACCOUNT NUMBER AND TITLE		FINANCIAL STATEMENTS 12/31/2017
1	EQUITY CAPITAL		
2	201	Common Stock Issued	1,000,000
3	204	Preferred Stock Issued	-
4	211	Other Paid-In Capital	22,929,009
5	215	Unappropriated Retained Earnings	1,746,709
6	218	Proprietary Capital (for proprietorships & partnerships only)	-
7	TOTAL EQUITY CAPITAL		25,675,718
8			
9	LONG-TERM DEBT		
10	224	Other Long-Term Debt	154,800
11	TOTAL LONG-TERM DEBT		154,800
12			
13	CURRENT AND ACCRUED LIABILITIES		
14	231	Accounts Payable	762,351
15	232	Notes Payable	-
16	233	Accounts Payable to Associated Companies	13,491,407
17	235	Customer Deposits-Billing	-
18	236	Accrued Taxes	-
19	236.12	Accrued Taxes, Utility Operating Income, Income Taxes	283,038
20	237	Accrued Interest	-
21	241	Miscellaneous Current and Accrued Liabilities	401,860
22	TOTAL CURRENT AND ACCRUED LIABILITIES		14,938,656
23			
24	DEFERRED CREDITS		
25	252	Advances for Construction	-
26	253	Other Deferred Credits, Regulatory Liabilities	470,064
27	255	Accumulated Deferred Investment Tax Credits, Utility Operations	-
28	TOTAL DEFERRED CREDITS		470,064
29			
30	OPERATING RESERVES		
31	265	Miscellaneous Operating Reserve	-
32	TOTAL OPERATING RESERVES		-
33			
34	CONTRIBUTIONS IN AID OF CONTRUCTION (CIAC)		
35	271	Contributions in Aid of Construction	17,368,022
36	272	Accumulated Amortization of CIAC	(7,541,327)
37	TOTAL NET CIAC		9,826,695
38			
39	ACCUMULATED DEFERRED INCOME TAXES		
40	281	Accelerated Amortization	-
41	282	Accelerated Depreciation	816,452
42	283	Other	-
43	TOTAL ACCUMULATED DEFERRED INCOME TAXES		816,452
44			
45	TOTAL EQUITY CAPITAL AND LIABILITIES		51,882,385

SCHEDULE B

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Proforma

NARUC ACCOUNT NUMBER AND TITLE	COMBINED PER BOOKS	PROFORMA ADJUSTMENTS	AJE	PROFORMA PRESENT	PROPOSED INCREASE	AJE	RATE CASE BALANCE
UTILITY OPERATING INCOME							
400 Total Utility Operating Revenues	7,973,304	540,134	1,2	8,513,438	825,623	24	9,339,061
UTILITY OPERATING EXPENSES							
401 Operating Expenses	5,562,259	(53,363)	3-10	5,508,896	-		5,508,896
403 Depreciation Expenses	695,384	(4,810)	11	690,574	-		690,574
406 Amortization of Utility Plant Acquisition Adjustments	47,715	-		47,715	-		47,715
407 Amortization Expense - Other	-	68,078	12	68,078	-		68,078
408.10 Utility Regulatory Assessment Fees	-	43,824	13,14	43,824	3,895	25	47,719
408.11 Property Taxes	297,289	237,829	15	535,118	-		535,118
408.12 Payroll Taxes	55,767	15,352	16	71,119	-		71,119
408.13 Other Taxes and Licenses	61,890	29,272	17-19	91,162	2,477	26	93,639
409.10 Federal Income Taxes, Utility Operating Income	358,711	(168,833)	20	189,878	163,441	27	353,319
409.11 State Income Taxes, Utility Operating Income	28,393	19,195	20	47,588	40,963	27	88,551
410.10 Deferred Federal Income Taxes	(567,125)	567,125	21	-	-		-
410.11 Deferred State Income Taxes	(29,447)	29,447	21	-	-		-
Total Utility Operating Expenses	6,510,836	783,116		7,293,952	210,775		7,504,727
TOTAL NET UTILITY OPERATING INCOME (LOSS)	1,462,468	(242,982)		1,219,486	614,848		1,834,334
OTHER OPERATING INCOME							
414 Gains (Losses) from Disposition of Utility Property	524 ¹	(524)	22	-	-		-
TOTAL OTHER OPERATING INCOME	524¹	(524)		-	-		-
INTEREST EXPENSE							
427.1 Interest on Debt to Associated Companies	6,618	(6,618)	23	-	-		-
427.3 Interest on Long-Term Debt	301,195	203,988	23	505,183 ¹	-		505,183
427.5 Interest - Other	-	-		-	-		-
428 Amortization of Debt Discount and Expense	9,549	(9,549)	23	-	-		-
TOTAL INTEREST EXPENSE	317,362	187,821		505,183	-		505,183
NET INCOME (LOSS)	1,145,630	(431,327)		714,303	614,848		1,329,151
Customer Growth Net Income	-	-		-	-	28	14,401
NET INCOME (LOSS) AFTER GROWTH	1,145,630	(431,327)		714,303	614,848		1,343,552
Excess Accumulated Deferred Income Taxes						29	10,469
NET INCOME (LOSS) AFTER ADIT							1,354,021
OPERATING MARGIN	14.37%			8.39%			14.50%

Klawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Water
Income Statement

NARUC ACCOUNT NUMBER AND TITLE	PER BOOKS	PROFORMA ADJUSTMENTS	AJE	PRO-FORMA PRESENT	PROPOSED INCREASE	AJE	RATE CASE BALANCE
UTILITY OPERATING INCOME							
400 Total Utility Operating Revenues	6,149,764	454,661	1,2	6,604,425	636,294	24	7,240,719
UTILITY OPERATING EXPENSES							
401 Operating Expenses	4,413,998	24,134	3-10	4,438,132	-		4,438,132
403 Depreciation Expenses	472,084	(4,810)	11	467,274	-		467,274
406 Amortization of Utility Plant Acquisition Adjustments - Water Rights	47,715	-		47,715	-		47,715
407 Amortization Expense - Other	-	20,385	12	20,385	-		20,385
408.10 Utility Regulatory Assessment Fees	-	25,887	13,14	25,887	3,002	25	28,889
408.11 Property Taxes	175,595	140,485	15	316,080	-		316,080
408.12 Payroll Taxes	32,939	9,068	16	42,007	-		42,007
408.13 Other Taxes and Licenses	36,556	17,291	17-19	53,847	1,909	26	55,756
409.10 Federal Income Taxes, Utility Operating Income	277,400	(98,907)	20	178,493	125,961	27	304,454
409.11 State Income Taxes, Utility Operating Income	21,957	22,778	20	44,735	31,569	27	76,304
410.10 Deferred Federal Income Taxes	(438,572)	438,572	21	-	-		-
410.11 Deferred State Income Taxes	(22,772)	22,772	21	-	-		-
Total Utility Operating Expenses	5,016,900	617,655		5,634,555	162,441		5,796,996
TOTAL NET UTILITY OPERATING INCOME (LOSS)	1,132,864	(162,995)		969,869	473,853		1,443,723
OTHER OPERATING INCOME							
414 Gains (Losses) from Disposition of Utility Property	(8,634)	8,634	22	-	-		-
TOTAL OTHER OPERATING INCOME	(8,634)	8,634		-	-		-
INTEREST EXPENSE							
427.1 Interest on Debt to Associated Companies	-	-		-	-		-
427.3 Interest on Long-Term Debt	177,901	120,496	23	298,397	-		298,397
427.5 Interest - Other	-	-		-	-		-
428 Amortization of Debt Discount and Expense	9,549	(9,549)	23	-	-		-
TOTAL INTEREST EXPENSE	187,450	110,947		298,397	-		298,397
NET INCOME (LOSS)	936,780	(265,307)		671,473	473,853		1,145,326
Customer Growth Net Income						28	12,188
NET INCOME (LOSS)	936,780	(265,307)		671,473	473,853		1,157,514
OPERATING MARGIN	15.23%			10.17%			15.99%

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Sewer
Income Statement

NARUC ACCOUNT NUMBER AND TITLE	PER BOOKS	PROFORMA ADJUSTMENTS	AJE	PRO-FORMA PRESENT	PROPOSED INCREASE	AJE	RATE CASE BALANCE
UTILITY OPERATING INCOME							
400 Total Utility Operating Revenues	1,823,540	85,474	1,2	1,909,014	189,329	24	2,098,342
UTILITY OPERATING EXPENSES							
401 Operating Expenses	1,148,261	(77,498)	3-10	1,070,763	-		1,070,763
403 Depreciation Expenses	223,300	-		223,300	-		223,300
406 Amortization of Utility Plant Acquisition Adjustments	-	-		-	-		-
407 Amortization Expense - Other	-	47,693	12	47,693	-		47,693
408.10 Utility Regulatory Assessment Fees	-	17,937	13,14	17,937	893	25	18,830
408.11 Property Taxes	121,694	97,343	15	219,037	-		219,037
408.12 Payroll Taxes	22,828	6,284	16	29,112	-		29,112
408.13 Other Taxes and Licenses	25,334	11,981	17-19	37,315	568	26	37,883
409.10 Federal Income Taxes, Utility Operating Income	81,311	(69,926)	20	11,385	37,480	27	48,865
409.11 State Income Taxes, Utility Operating Income	6,436	(3,583)	20	2,853	9,393	27	12,247
410.10 Deferred Federal Income Taxes	(128,553)	128,553	21	-	-		-
410.11 Deferred State Income Taxes	(6,675)	6,675	21	-	-		-
Total Utility Operating Expenses	1,493,936	165,461		1,659,397	48,334		1,707,731
TOTAL NET UTILITY OPERATING INCOME (LOSS)	329,604	(79,987)		249,617	140,995		390,612
OTHER OPERATING INCOME							
414 Gains (Losses) from Disposition of Utility Property	9,158	(9,158)	22	-	-		-
TOTAL OTHER OPERATING INCOME	9,158	(9,158)		-	-		-
INTEREST EXPENSE							
427.1 Interest on Debt to Associated Companies	6,618	(6,618)	23	-	-		-
427.3 Interest on Long-Term Debt	123,294	83,492	23	206,786	-		206,786
427.5 Interest - Other	-	-		-	-		-
428 Amortization of Debt Discount and Expense	-	-		-	-		-
TOTAL INTEREST EXPENSE	129,912	76,874		206,786	-		206,786
NET INCOME (LOSS)	208,850	(166,019)		42,831	140,995		183,825
Customer Growth Net Income						28	2,213
NET INCOME (LOSS)	208,850	(166,019)		42,831	140,995		186,039
OPERATING MARGIN	11.45%			2.24%			8.37%

**KIAWAH ISLAND UTILITIES
ADJUSTING JOURNAL ENTRIES**
COMBINED**WATER****SEWER****PROFORMA ADJUSTING ENTRIES****OPERATING REVENUE**

- 1) To adjust revenue per # of customers at year-end at current tariffed rates.

Residential	280,423	91,136
Commercial	68,406	24,843
Hotel	(48,508)	3,738
Well	59,667	
Private Fire	2,584	
Fire Hydrant	742	
Irrigation	155,347	
Reuse		9,988
	<u>648,384</u>	<u>129,724</u>

- 2) To remove tap-in revenue from Operating Revenue

Other Revenues	<u>(108,250)</u>	<u>(64,000)</u>	<u>(44,250)</u>
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**TOTAL OPERATING REVENUE
ADJUSTMENTS**

<u>540,134</u>	<u>454,661</u>	<u>85,474</u>
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OPERATING EXPENSES**OPERATION & MAINTENANCE EXPENSES**

- 3) To increase payroll related expenses to reflect known and measurable increases in effect for 2018 to wages and benefits. Allocated between water and sewer - 59.07% and 40.93%

Salaries & Wages	<u>282,554</u>	<u>166,935</u>	<u>115,619</u>
Employee Benefits	<u>45,286</u>	<u>26,758</u>	<u>18,528</u>

- 4) To increase purchased water to reflect increased costs passed through from supplier.

Calculations			
Test year purchased gallons	930,724,000		
Rate per 1,000 gallon (New rate effective 3/1/18)	3.021		
O&M Charges (New monthly expense effective 4/1/18)	160,776		
Leakage	<u>14,059</u>		
Total Proforma Purchased Water	2,986,532		
Test year purchased water	<u>2,850,328</u>		
Adjustment	<u>136,024</u>	<u>136,024</u>	<u>-</u>

- 5) To remove tap-in expenses from Operation & Maintenance expenses.

Materials & Supplies	<u>(108,250)</u>	<u>(64,000)</u>	<u>(44,250)</u>
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- 6) To adjust accounting costs for known estimated audit costs. Allocated between water and sewer - 59.07% and 40.93%

Contractual Services - Accounting	<u>(21,342)</u>	<u>(12,607)</u>	<u>(8,735)</u>
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- 7) To remove \$53,837 in legal fees for unresolved 2nd pipeline issue, recorded in Contract Services. Allocated between water and sewer - 59.07% and 40.93%

Contractual Services - Engineering	<u>(14,824)</u>	<u>(8,757)</u>	<u>(6,067)</u>
Contractual Services - Legal	<u>(39,013)</u>	<u>(23,045)</u>	<u>(15,968)</u>

KIAWAH ISLAND UTILITIES ADJUSTING JOURNAL ENTRIES		COMBINED	WATER	SEWER
8)	To adjust management fees to reflect 3-factor overhead allocation. Allocated between water and sewer - 59.07% and 40.93%			
	Calculation			
	3 Factor Allocation on Annual Report	748,625		
	Management Position	410,000		
	Adjustment	338,625		
	Management Fee	(338,625)	(200,026)	(138,599)
9)	To adjust rate case expenses to reflect past rate case allowable amount of \$55,000 and to estimate current rate case amortization. Allocated between water and sewer - 59.07% and 40.93%			
	Allowable rate case expense - \$55,000/year	55,000		
	Per book rate case expenses	(30,645)		
	Adjustment	(25,645)		
	Estimated rate case expenses of \$150,000, 3 yr amortization	50,000		
		24,355		
	Regulatory Commission Expenses	24,355	14,386	9,969
10)	To remove integration and merger costs paid during test year.			
	Miscellaneous Expenses	(19,528)	(11,535)	(7,993)
	TOTAL O & M ADJUSTMENTS	(51,363)	24,134	(77,498)
	DEPRECIATION			
11)	To adjust depreciation for receipt of liquidating damages related to 2nd pipeline.			
	Depreciation	(4,810)	(4,810)	-
	AMORTIZATION			
12)	To amortize known and measurable maintenance costs incurred in 2018			
	Sludge removal - 3 year amortization	47,693	-	47,693
	Tank painting - 5 year amortization	20,385	20,385	-
	TOTAL AMORTIZATION	68,078	20,385	47,693
	GROSS RECEIPTS TAX			
13)	To reclass test year PSC/ORS fees recorded in other taxes. Allocated between water and sewer - 59.07% and 40.93%			
	Utility Regulatory Assessment Fees	36,613	21,627	14,986
14)	To increase PSC Gross Receipts Tax for difference between tax paid in test year and tax calculated on proforma gross receipts. Allocated between water and sewer - 59.07% and 40.93%			
	Calculation			
	Proforma Gross Receipts	8,513,438		
	PSC Utility Assessment Gross Receipts, dated 6/19/17	6,984,875		
	Receipts Increase	1,528,563		
	Rate, as of 6/1/18	0.004717724		
		7,211		
	Utility Regulatory Assessment Fees	7,211	4,260	2,952
	TOTAL GROSS RECEIPTS TAX ADJUSTMENT	43,824	25,887	17,937

**KIAWAH ISLAND UTILITIES
ADJUSTING JOURNAL ENTRIES**
COMBINED**WATER****SEWER****PROPERTY TAX**

- 15) To adjust property tax for expected increase.
Allocated between water and sewer - 59.07% and 40.93%

Calculation	
2018 Utility property taxes	533,462
Vehicles	1,456
Total paid/incurred	535,118
Property tax per books	297,289
Adjustment	237,829

Property Tax adjustment	237,829	140,495	97,443
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PAYROLL TAX

- 16) To increase payroll tax for payroll increase.
Allocated between water and sewer - 59.07% and 40.93%

Payroll Tax	15,352	9,068	6,284
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OTHER TAXES AND LICENSES

- 17) To remove PSC Gross Receipts tax recorded in Other Taxes.
Allocated between water and sewer - 59.07% and 40.93%

Other Taxes and Licenses	(18,306)	(10,814)	(7,493)
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- 18) To record corporate license fee recorded in SC income tax expense.
Allocated between water and sewer - 59.07% and 40.93%

Other Taxes and Licenses	40,552	23,954	16,598
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- 19) To increase corporate license fee due to increase in proforma revenue and also
increase in property value.
Allocated between water and sewer - 59.07% and 40.93%

Calculation	
2018 PT-422 Proposed Assessment property value	22,037,770
2017 Corporate License Fee - FMV component	21,819,575
FMV Property increase	218,195
Rate	0.001
	218
Proforma Gross Receipts	8,513,438
Corporate License Fee - Gross Receipts component	6,244,012
Gross Receipts increase	2,269,426
Rate	0.003
	6,808

	218	129	89
	6,808	4,022	2,787

TOTAL OTHER TAXES ADJUSTMENT

	29,272	17,291	11,981
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KIAWAH ISLAND UTILITIES ADJUSTING JOURNAL ENTRIES		COMBINED	WATER	SEWER
FEDERAL AND STATE INCOME TAXES				
20)	To adjust federal and state income taxes on proforma income at 21% US and 5% SC.			
	Federal Income Taxes	<u>(168,833)</u>	<u>(98,507)</u>	<u>(69,926)</u>
	State Income Taxes	<u>19,195</u>	<u>22,778</u>	<u>(3,583)</u>
21)	To remove deferred tax expense.			
	Deferred Federal Tax expense	<u>567,125</u>	<u>438,572</u>	<u>128,553</u>
	Deferred State Tax expense	<u>29,447</u>	<u>22,772</u>	<u>6,675</u>
OTHER OPERATING INCOME				
22)	To reverse gain on disposition of property			
	Gain on Disposition	<u>(524)</u>	<u>8,634</u>	<u>(9,158)</u>
INTEREST				
23)	To adjust interest expense to SWWC interest synchronization calculation using interest rate from corporate parent. To consolidate intercompany interest per books and debt discount amortization. Allocated between water and sewer - 59.07% and 40.93%			
	Interest on debt to associated companies	(6,618)	-	(6,618)
	Interest on long-term debt	203,988	120,496	83,492
	Amortization of debt discount	(9,549)	(9,549)	
	Interest Expense	<u>187,821</u>	<u>110,947</u>	<u>76,874</u>

KIAWAH ISLAND UTILITIES ADJUSTING JOURNAL ENTRIES		COMBINED	WATER	SEWER
PROPOSED ADJUSTING ENTRIES				
24)	To increase operating revenue at proposed rates including reduction in fire hydrant fee to \$110 per hydrant.			
	Operating Revenue - Water			
	Residential		374,697	142,418
	Commercial		58,528	21,139
	Hotel		10,449	6,522
	Well		5,943	19,250
	Private Fire		554	
	Fire Hydrant		(12,321)	
	Irrigation		198,443	
		<u>825,623</u>	<u>656,294</u>	<u>189,329</u>
25)	To increase Gross Receipts Tax for proposed revenue increase.			
	Calculation			
	Receipts increase	825,623		
	Rate, as of 6/11/18	<u>0.004717724</u>		
		3,895		
	Utility Regulatory Assessment Fees	<u>3,895</u>	<u>3,002</u>	<u>893</u>
26)	To increase corporate license fee due to increase in proforma revenue.			
	Calculation			
	Gross receipts increase	825,623		
	Rate	<u>0.003</u>		
		2,477		
	Other Taxes and Licenses	<u>2,477</u>	<u>1,909</u>	<u>568</u>
27)	To calculate federal and state income taxes on proposed income - at 21% US and 5% SC.			
	Federal Income Taxes	<u>163,441</u>	<u>125,961</u>	<u>37,480</u>
	State Income Taxes	<u>40,963</u>	<u>31,569</u>	<u>9,393</u>
28)	To apply growth factors to Net Utility Operating Income. Water growth factor is .8442%. Sewer growth factor is .5666%			
	Customer Growth Net Income	<u>14,401</u>	<u>12,188</u>	<u>2,213</u>
29)	To increase revenue by annual amortization of excess accumulated deferred income taxes.			
	Excess Accumulated Deferred Income Tax	<u>(10,469)</u>	<u>-</u>	<u>-</u>

SCHEDULE C

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Water
Revenue

Line No.		OPERATING REVENUE				REVENUE AT CURRENT	INCREASED RATE	REVENUE AT INCREASED RATE
		# at end of 2017	Annualized	Rate	Total			
1								
2	RESIDENTIAL							
3	5/8" Meter	2861	34,332	34.29	1,177,244	1,177,244	37.71	1,294,498
4	3/4" Meter	343	4,116	51.44	211,727	211,727	56.56	232,815
5	1" Meter	271	3,252	85.73	278,794	278,794	94.27	306,562
6	1 1/2" Meter	9	108	171.46	18,518	18,518	188.54	20,362
7	2" Meter	6	72	274.35	19,753	19,753	301.68	21,721
8	3" Meter		-	600.14	-	-	659.91	-
9	4" Meter		-	1,722.32	-	-	1,893.86	-
10	Consumption up to 11,000 gals/mo		229,220	4.21	965,016	965,016	4.63	1,061,132
11	Consumption 11,000 - 50,000 gals/mo		186,172	4.72	878,732	878,732	5.19	966,254
12	Consumption > 50,000 gals/mo		42,194	5.03	212,236	212,236	5.53	233,375
13	TOTAL - RESIDENTIAL	3490			3,762,020	3,762,020	-	4,136,717
14								
15								
16	COMMERCIAL							
17	5/8" Meter	93	1,116	34.29	38,268	38,268	37.71	42,079
18	3/4" Meter	48	576	51.44	29,629	29,629	56.56	32,581
19	1" Meter	31	372	85.73	31,892	31,892	94.27	35,068
20	1 1/2" Meter	12	144	171.46	24,690	24,690	188.54	27,149
21	2" Meter	15	180	274.35	49,383	49,383	301.68	54,302
22	3" Meter	3	36	600.14	21,605	21,605	659.91	23,757
23	4" Meter	1	12	1,722.32	20,668	20,668	1,893.86	22,726
24	Consumption		73,857	5.03	371,501	371,501	5.53	408,502
25	TOTAL - COMMERCIAL	203			587,635	587,635		646,164
26								
27								
28	HOTELS							
29	Per Room	255	3,060	13.77	42,136	42,136	15.14	46,333
30	Consumption		12,480	5.03	62,774	62,774	5.53	69,027
31	TOTAL - HOTEL	255			104,911	104,911		115,360
32								
33								

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Water
Revenue

Line No.		OPERATING REVENUE				REVENUE AT CURRENT	INCREASED RATE	REVENUE AT INCREASED RATE
		# at end of 2017	Annualized	Rate	Total			
34	IRRIGATION							
35	5/8" Meter	162	1,944	34.29	66,660	66,660	37.71	73,299
36	3/4" Meter	75	900	51.44	46,296	46,296	56.56	50,907
37	1" Meter	91	1,092	85.73	93,617	93,617	94.27	102,941
38	1 1/2" Meter	24	288	171.46	49,380	49,380	188.54	54,299
39	2" Meter	26	312	274.35	85,597	85,597	301.68	94,123
40	3" Meter	5	60	600.14	36,008	36,008	659.91	39,595
41	4" Meter		-	1,722.32	-	-	1,893.86	-
42	Consumption Up to 50,000 gals/mo		104,602	4.72	493,721	493,721	5.19	542,896
43	Consumption > 50,000 gals/mo		182,268	5.03	916,808	916,808	5.53	1,008,122
44	TOTAL - IRRIGATION	383			1,788,088	1,788,088		1,966,182
45								
46								
47	GOLF - POTABLE							
48	Potable Water	4	48	815.39	39,139	39,139	896.60	43,037
49	Consumption - Potable		32,837	5.03	165,170	165,170	5.53	181,621
50	TOTAL - GOLF POTABLE	4			204,309	204,309		224,658
51								
52	TOTAL - IRRIGATION				1,992,397	1,992,397		2,190,840
53								

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Water
Revenue

Line No.		OPERATING REVENUE				REVENUE AT CURRENT	INCREASED RATE	REVENUE AT INCREASED RATE
		# at end of 2017	Annualized	Rate	Total			
54	GOLF - WELL							
55	Deep Well Water	3	36	1,065.54	38,359	38,359	1,171.67	42,180
56	Consumption - Well		76,098	0.28	21,307	21,307	0.31	23,430
57	TOTAL - GOLF - WELL	3			59,667	59,667		65,610
58								
59	FIRE LINE							
60	2" Line	19	228	8.09	1,845	1,845	8.90	2,028
61	3" Line	1	12	14.81	178	178	16.29	195
62	4" Line	8	96	25.67	2,464	2,464	28.23	2,710
63	6" Line	0	-	51.34	-	-	56.45	-
64	8" Line	1	12	89.93	1,079	1,079	98.89	1,187
65	TOTAL - FIRE LINE	29			5,566	5,566		6,120
66								
67	FIRE HYDRANT SERVICE							
68	Fire Hydrants		497	134.79	66,991	66,991	110.00	54,670
69	TOTAL - FIRE HYDRANT				66,991	66,991		54,670
70								
71	TOTAL				6,579,187	6,579,187		7,215,481

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Sewer
Revenue

Line No		OPERATING REVENUE				REVENUE AT CURRENT	INCREASED RATE	REVENUE AT INCREASED RATE
		# at end of 2017	Annualized	Rate	Total			
1								
2	RESIDENTIAL							
3	5/8" Meter	2,843	34,116	26.20	893,839	893,839	28.81	982,866
4	3/4" Meter	326	3,912	39.30	153,742	153,742	43.21	169,054
5	1" Meter	257	3,084	65.49	201,971	201,971	72.01	222,087
6	1 1/2" Meter	9	108	130.98	14,146	14,146	144.03	15,555
7	2" Meter	6	72	209.57	15,089	15,089	230.44	16,592
8	3" Meter	-	-	458.43	-	-	504.09	-
9	4" Meter	-	-	1,417.35	-	-	1,558.52	-
10	Consumption up to 11,000 gals/mo		219,001	0.69	151,111	151,111	0.76	166,161
11	TOTAL - RESIDENTIAL	3,441			1,429,898	1,429,898		1,572,315
12								
13								
14	COMMERCIAL							
15	5/8" Meter	52	624	26.20	16,349	16,349	28.81	17,877
16	3/4" Meter	13	180	39.30	7,074	7,074	43.21	7,779
17	1" Meter	7	84	65.49	5,501	5,501	72.01	6,049
18	1 1/2" Meter	9	108	130.98	14,146	14,146	144.03	15,555
19	2" Meter	10	156	209.57	32,693	32,693	230.44	35,949
20	3" Meter	3	36	458.43	16,503	16,503	504.09	18,147
21	4" Meter	1	12	1,417.35	17,008	17,008	1,558.52	18,702
22	Consumption		38,418	2.68	102,960	102,960	2.95	113,215
23	TOTAL - COMMERCIAL	100			212,238	212,238		233,373
24								
25								
26	HOTELS							
27	Per Room	255	3,060	10.47	32,038	32,038	11.51	35,239
28	Consumption		12,480	2.68	33,446	33,446	2.95	36,778
29	TOTAL - HOTEL	255			65,485	65,485		72,007
30								
31								
32	GOLF COURSE IRRIGATION							
33	Effluent Water	3	36	4,349.68	156,588	156,588	4,782.91	172,185
34	Consumption		193,081	0.19	36,685	36,685	0.21	40,339
35	TOTAL - GOLF COURSE IRRIGATION	3			193,274	193,274		212,524
36								
37	TOTAL				1,900,891	1,900,891		2,090,219
38								
39								

SCHEDULE D

**KIAWAH ISLAND UTILITY
DEPRECIATION - UTILITY PLANT IN SERVICE**
WATER

NARUC	Description	Cost Basis	2016 Accum Deprec	2017 Expense	2017 Accum Deprec	2017 Book Value
302.00	Water Rights	1,921,988.57	1,504,086.87	47,715.27	1,551,802.14	370,186.43
353.60	Land and Land Rights	3,468,252.00				3,468,252.00
304.20	Structures & Improvements	12,935,107.80	1,866,996.60	267,684.43	2,134,681.03	10,800,426.77
307.20	Wells & Springs	46,756.50	14,244.64	1,939.94	16,184.58	30,571.92
311.20	Pumping Equipment	1,016,219.24	597,280.74	33,746.41	631,027.15	385,192.09
330.40	Distribution Reservoirs & Standpipes	1,263,388.89	365,085.78	27,143.78	392,229.56	871,159.33
331.40	Mains	8,255,778.87	3,659,402.32	186,703.40	3,846,105.72	4,409,673.15
331.40	CIAC	(5,860,751.35)	(2,237,249.37)	(130,007.83)	(2,367,257.20)	-3,493,494.15
		<u>2,395,027.52</u>	<u>1,422,152.95</u>	<u>56,695.57</u>	<u>1,478,848.52</u>	<u>916,179.00</u>
334.40	Meters	109,390.87	82,891.89	3,117.76	86,009.65	23,381.22
335.40	Hydrants	243,326.65	156,818.70	6,042.42	162,861.12	80,465.53
339.20	Other Plant & Misc Equipment	396,317.57		47,098.79	47,098.79	349,218.78
339.30	Other Plant & Misc Equipment	1,377.94		275.59	275.59	1,102.35
339.40	Miscellaneous Equipment	454,336.52	373,502.65	10,692.86	384,195.51	70,141.01
340.50	Office Furniture & Equipment	106,516.86	89,259.96	3,451.38	92,711.34	13,805.52
341.50	Transportation Equipment	218,631.43	124,245.81	14,194.77	138,440.58	80,190.85
TOTAL DEPRECIABLE ASSETS		24,576,638.36	6,596,566.59	519,798.97	7,116,365.56	17,460,272.80

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Water
Depreciation

Line No.		Description	Cost	2017 Depreciation	2017 Accum Depreciation	Net Book Value
1						
2	304.2	Structures & Improvements	12,935,108	267,684	2,134,681	10,800,427
3	307.2	Wells & Springs	46,757	1,940	16,185	30,572
4	311.2	Pumping Equipment	1,016,219	33,746	631,027	385,192
5	330.4	Distribution Reservoirs & Standpipes	1,263,389	27,144	392,230	871,159
6	331.4	Mains	2,395,028	56,696	1,479,415	915,613
7	334.4	Meters	109,391	3,118	86,010	23,381
8	335.4	Hydrants	243,327	6,042	162,861	80,466
9	339	Other Plant & Misc Equipment	852,032	58,067	420,800	431,232
10	340.5	Office Furniture & Equipment	106,517	3,451	92,711	13,806
11	341.5	Transportation Equipment	232,164	14,195	138,441	93,724
12						
13						
14	Subtotal		19,199,931	472,084		
15						
16						
17		Liquidating Damages - Amounts	(240,500)	(4,810)		
18		in dispute and not paid to vendor				
19						
20		Depreciation expense in 2017		472,084		
21		Disputed vendor bill - Mears		(4,810)		
22						
23						
24		Total Proposed Depreciation		467,274		

**KIAWAH ISLAND UTILITY
DEPRECIATION - UTILITY PLANT IN SERVICE**

SEWER

NARUC	Description	Cost Basis	2016 Accum Deprec	2017 Expense	2017 Accum Deprec	2017 Book Value
353.60	Land and Land Rights	1,826,175.00				1,826,175.00
354.40	Structures & Improvements	3,248,442.90	1,756,072.82	92,070.22	1,848,143.04	1,400,299.86
360.2	Collection Sewers - Force	11,507,271.19	4,918,818.32	255,251.36	5,174,069.68	6,333,201.51
361.2	Collection Sewers - Gravity	4,253,873.90	2,395,865.93	107,522.73	2,512,546.41	1,741,327.49
	CIAC	(11,507,271.19)	(4,918,818.32)	(255,251.36)	(5,174,069.68)	(6,333,201.51)
		4,253,873.90	2,395,865.93	107,522.73	2,512,546.41	1,741,327.49
355.40	Chemical Treatment	41,398.06	31,754.85	1,771.49	33,526.34	7,871.72
371.30	Pumping Equipment	120,499.16	116,298.72	435.29	116,734.01	3,765.15
389.40	Other Plant & Misc Equipment	50,002.62	40,471.61	3,854.30	44,325.91	5,676.71
390.70	Office Furniture & Equipment	103,484.14	86,227.24	3,451.38	89,678.62	13,805.52
391.70	Transportation Equipment	225,931.38	140,703.54	14,194.76	145,740.55	80,190.83
TOTAL DEPRECIABLE ASSETS		9,869,807.16	4,567,394.71	223,300.17	4,790,694.88	5,079,112.28

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Sewer
Depreciation

Line No.		Description	Cost	2017 Depreciation	2017 Accum Depreciation	Net Book Value
1						
2	354.4	Structures & Improvements	3,248,443	92,070	1,848,143	1,400,300
3	371.3	Pumping Equipment	120,499	435	116,734	3,765
4	360.2	Collection Sewers	4,253,874	107,522	2,493,797	1,760,077
5	355.4	Chemical Treatment Plant & Equip	41,398	1,771	33,526	7,872
6	389.4	Other Equipment	50,003	3,854	44,326	5,677
7	390.7	Office Furniture & Equipment	103,484	3,451	89,679	13,806
8	391.7	Transportation Equipment	239,464	14,195	145,741	93,723
9						
10						
11	Subtotal		8,057,165	223,300	4,771,946	3,285,219
12						
13						
14						
15						
16						
17						
18						
19						
20						
21		Total Proposed Depreciation		223,300		

SCHEDULE E

Kiawah Island Utilities, Inc.

For the Year Ended December 31, 2017

Growth Rate

Line No.			# of Customers						Estimated # of Customers
1			12/31/2016	12/31/2017	Average	Growth Rate		10/31/2018	10/31/2019
2	Water	--	4,111	4,181	4,146	0.8442%		4,247	4,306
3	Sewer		3,422	3,461	3,442	0.5666%		3,508	3,560
4									
5									
6			Net Utility Operating Income	Growth Rate Factor	Income after Growth Factor				
7	Water		1,443,723	0.8442%	12,188				
8	Sewer	--	390,612	0.5666%	2,213				
9									
10	Total		1,834,334		14,401				

SCHEDULE F

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Water
Operating Revenue

Line No.			PER BOOKS	ACCOUNTING & PROFORMA ADJUSTMENTS	AJE	PROFORMA PRESENT	PROPOSED RATE INCREASE	AJE	RATE CASE BALANCE
1	WATER SALES REVENUE								
2	461	Measured Water Revenue							
3	461.1	Residential	3,481,597	280,423	1	3,762,020	374,697	24	4,136,717
4	461.2	Commercial	519,229	68,406	1	587,635	58,528	24	646,164
5		Hotel & Well	153,419	(48,508)	1	104,911	10,449	24	115,360
6		Well		59,667	1	59,667	5,943	24	65,610
7	462	Fire Protection Revenue							
8	462.1	Public Fire Protection	64,407	2,584	1	66,991	(12,321)	24	54,670
9	462.2	Private Fire Protection	4,824	742	1	5,566	554	24	6,120
10	465	Sales to Irrigation Customers	1,837,050	155,347	1	1,992,397	198,443	24	2,190,840
11									
12		TOTAL WATER SALES REVENUE	6,060,526	518,661		6,579,187	636,294		7,215,481
13									
14		OTHER WATER REVENUES							
15	530	Miscellaneous Service Revenues	25,238	-		25,238	-		25,238
16	536	Other Water Revenues - TAP-INS	64,000	(64,000)	2	-	-		-
17		TOTAL OTHER WATER REVENUES	89,238	(64,000)		25,238	-		25,238
18									
19	400	WATER OPERATING REVENUES	6,149,764	454,661		6,604,425	636,294		7,240,719
20									
21									

Proposed increase in water rates 9.96%
Proposed decrease in fire hydrant charge -18.39%

Kiawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Sewer
Operating Revenue

Line No.		PER BOOKS	ACCOUNTING & PROFORMA ADJUSTMENTS	AJE	PROFORMA PRESENT	PROPOSED RATE INCREASE	AJE	RATE CASE BALANCE
1	WASTEWATER SALES REVENUE							
2	522 Measured Revenues - General Customers							
3	522.1 Residential	1,338,762	91,136	1	1,429,898	142,418 ¹	24	1,572,315
4	522.2 Commercial	187,392	24,843	1	212,235	21,139	24	233,373
5	522.3 Industrial	-	-		-	-		-
6	522.4 Public Authorities	-	-		-	-		-
7	522.5 Multiple Family Dwelling Revenues	-	-		-	-		-
8	Total Measured Revenues	1,526,154	115,978		1,642,132	163,556		1,805,689
9	524 Revenues from Other Systems - HOTEL	61,727	3,758	1	65,485	6,522	24	72,007
10	TOTAL WASTEWATER SALES REVENUE	1,587,881	119,736		1,707,617	170,079		1,877,695
11								
12	OTHER WASTEWATER REVENUES							
13	530 Guaranteed Revenues	-	-		-	-		-
14	536 Other Wastewater Revenues - Misc & Tap-Ins	52,373	(44,250)	2	8,123	-		8,123
15	TOTAL OTHER WASTEWATER REVENUES	52,373	(44,250)		8,123	-		8,123
16								
17	544 Reuse Revenues from Other Systems - GOLF EFFLUENT	183,286	9,988	1	193,274	19,250	24	212,524
18								
19								
20	400 SEWER OPERATING REVENUE	1,823,540	85,474		1,909,014	189,329		2,098,342
21								

Proposed increase in sewer rates

9.96%

SCHEDULE G

Klawah Island Utilities, Inc.

For the Year Ended December 31, 2017

Rates - Current and Proposed

RESIDENTIAL				
WATER SERVICE	Current Rate	Proposed Rate		Increase
5/8" Meter	34.29	37.71		9.96%
3/4" Meter	51.44	56.56		9.96%
1" Meter	85.73	94.27		9.96%
1 1/2" Meter	171.46	188.54		9.96%
2" Meter	274.35	301.68		9.96%
3" Meter	600.14	659.91		9.96%
4" Meter	1,722.32	1,893.86		9.96%
Consumption up to 11,000 gals/mo	4.21	4.63		9.96%
Consumption 11,000 - 50,000 gals/mo	4.72	5.19		9.96%
Consumption > 50,000 gals/mo	5.03	5.53		9.96%
SEWER SERVICE				
5/8" Meter	26.20	28.81		9.96%
3/4" Meter	39.30	43.21		9.96%
1" Meter	65.49	72.01		9.96%
1 1/2" Meter	130.98	144.03		9.96%
2" Meter	209.57	230.44		9.96%
3" Meter	458.43	504.09		9.96%
4" Meter	1,417.35	1,558.52		9.96%
Consumption up to 11,000 gals/mo	0.69	0.76		9.96%
COMMERCIAL				
WATER SERVICE				
5/8" Meter	34.29	37.71		9.96%
3/4" Meter	51.44	56.56		9.96%
1" Meter	85.73	94.27		9.96%
1 1/2" Meter	171.46	188.54		9.96%
2" Meter	274.35	301.68		9.96%
3" Meter	600.14	659.91		9.96%
4" Meter	1,722.32	1,893.86		9.96%
Consumption	5.03	5.53		9.96%
SEWER SERVICE				
5/8" Meter	26.20	28.81		9.96%
3/4" Meter	39.30	43.21		9.96%
1" Meter	65.49	72.01		9.96%
1 1/2" Meter	130.98	144.03		9.96%
2" Meter	209.57	230.44		9.96%
3" Meter	458.43	504.09		9.96%
4" Meter	1,417.35	1,558.52		9.96%
Consumption	2.68	2.95		9.96%
HOTELS				
WATER SERVICE				
Per Room	13.77	15.14		9.96%
Consumption	5.03	5.53		9.96%
SEWER SERVICE				
Per Room	10.47	11.51		9.96%
Consumption	2.68	2.95		9.96%

Klawah Island Utilities, Inc.
For the Year Ended December 31, 2017

Rates - Current and Proposed

IRRIGATION				
WATER SERVICE				
5/8" Meter	34.29	37.71		9.96%
3/4" Meter	51.44	56.56		9.96%
1" Meter	85.73	94.27		9.96%
1 1/2" Meter	171.46	188.54		9.96%
2" Meter	274.35	301.68		9.96%
3" Meter	600.14	659.91		9.96%
4" Meter	1,722.32	1,893.86		9.96%
Consumption Up to 50,000 gals/mo	4.72	5.19		9.96%
Consumption > 50,000 gals/mo	5.03	5.53		9.96%
GOLF COURSE IRRIGATION				
GOLF - POTABLE				
Potable Water	815.39	896.60		9.96%
Consumption - Potable	5.03	5.53		9.96%
GOLF - WELL				
Deep Well Water	1,065.54	1,171.67		9.96%
Consumption - Well	0.28	0.31		9.96%
GOLF - EFFLUENT				
Effluent	4,349.68	4,782.91		9.96%
Consumption - Effluent	0.19	0.21		9.96%
FIRE LINE				
2" Line	8.09	8.90		9.96%
3" Line	14.81	16.29		9.96%
4" Line	25.67	28.23		9.96%
6" Line	51.34	56.45		9.96%
8" Line	89.93	98.89		9.96%
FIRE HYDRANT SERVICE				
Fire Hydrants	134.79	110.00		-18.39%

EXHIBIT C

DHEC Letter



September 19, 2018

Mr. Scott Elliott
Elliott @ Elliott, P.A.
1508 Lady Street
Columbia, SC 29201

Re: Kiawah Island
Water System #1010008
Wastewater System #ND0017361
PSC Rate Case (Water and Sewer)

Dear Mr. Elliott:

This letter serves to confirm that the systems above all have the valid DHEC permits needed to operate.

I can be reached at 803-898-4157 or at clarkesm@dhec.sc.gov.

Sincerely,

Shawn Clarke, PE, Director
Water Facilities Permitting Division

cc: Kyle Maurer, DHEC
Doug Kinard, DHEC

EXHIBIT D

Customer Bill Form



Customer Service: 877-405-1742
Emergencies: 843-768-0641

Account Number:
Customer ID:
Invoice Number:

Billing Date: 09/05/2018

Total Amount Due By: 10/01/2018

Service Address:

KIAWAH ISLAND SC 29455



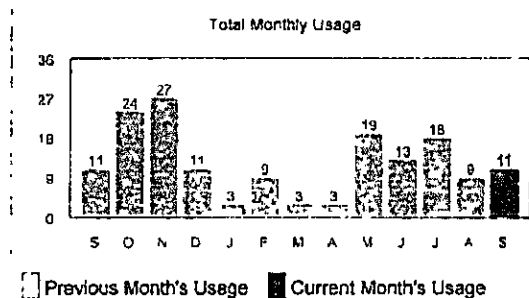
Current Reading Based on Actual

Page 1 of 1

Meter Size Rate Type	Meter Read Dates		Number Of Days	Meter Reading		Usage 1000 Gallons	Meter Number
	From	To		Previous	Current		
5/8" - R	08/07/18	09/04/18	29	1497	1508	11	76765794

Water Usage History - 13 Month Usage in KGal*

*KGal = 1000 Gallons



Account Summary

Previous Bill Amount \$104.86

Payment Received 08/27/18 - Thank You -\$104.86

(Payments after 5.00pm will NOT reflect on this invoice)

Balance \$0.00

Current Billing and Other Basic Charges

Water Fee - Base \$34.29

Sewer Fee - Base \$26.20

Water Fee - Consumption \$46.31

Sewer Fee - Consumption \$7.59

SDW Fee \$0.27

Total Current Charges \$114.66

Total Amount Due By 10/01/18 \$114.66

Message Center

!!! SEE REVERSE FOR INFORMATION ABOUT OUR MANY PAYMENT OPTIONS!!!

**Late Charge Reminder - A 1.5% additional charge will apply to any unpaid balance after due date.
Rate Schedules Furnished Upon Request.**

Please detach and return the bottom portion with your payment, or pay online at www.swwc.com/myaccount/

Account Number:

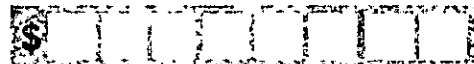
Total Amount Due By 10/01/18: \$114.66

Please make check payable to:
Kiawah Island Utility, Inc.

Kiawah Island Utility, Inc.
31 Sora Rail Rd
Kiawah Island, SC 29455

Please check here and
see reverse for address
and phone corrections.

Amount
Enclosed



Kiawah Island Utility, Inc.
31 Sora Rail Rd
Kiawah Island, SC 29455



EXHIBIT E

Gross Receipts Tax Filing

SOUTH CAROLINA PUBLIC SERVICE COMMISSION
and
SOUTH CAROLINA OFFICE OF REGULATORY STAFF
GROSS RECEIPTS FOR THE TWELVE (12) MONTHS ENDING JUNE 30, 2018
(Please correct preprinted information as required)

Kiawah Island Utility, Inc.

Company Name (as shown on Certificate)

FEIN

List d/b/a and/or f/k/a aliases

31 Sora Rail Road

Kiawah Island

SC

29455

Address

City

State

Zip Code

Becky J. Dennis

843-768-0641

bdennis@swwc.com

Regulatory Contact

Area Code & Phone Number

E-Mail

INTRASTATE GROSS RECEIPTS

Revenues Derived Via South Carolina Operations from:

Water Revenues

(Water) \$ 6,213,598

Sewer Revenues

(Sewer) 1,949,438

Electricity Revenues

(Electric)

Natural Gas Revenues

(Gas)

Railroad Revenues

(Railroad)

Telecommunications Revenues:

ILEC (Local Exchange)

(ILEC)

CLEC (Competitive Local Exchange)

(CLEC)

IXC (Long Distance)

(IXC)

PSP (Payphone Service Provider)

(PSP)

Wireless (Eligible Telecommunications Carrier)

(Wireless ETC)

Total Revenues Derived Via South Carolina Operations

\$ 8,163,036

Preparer's Signature

Date

Affidavit

State of South Carolina

County of Charleston

Personally appeared before me Becky J. Dennis who, being duly sworn, says that he/she is the Director of Operations of Kiawah Island Utility, Inc. (Company) and that the foregoing statement, for the twelve (12) months ending June 30, 2018, is correctly taken from the books and records of said Company, and is true to the best of his/her knowledge and belief.

Sworn to and subscribed before me this 20th day of August, 2018.

Notary Public

ELISABETH F. NIMMONS
Notary Public for South Carolina
My Commission Expires: 12-10-2020

Place

Seal

Here

Return completed form to:

South Carolina Office of Regulatory Staff
Attention: Gross Receipts Department
1401 Main Street, Suite 900
Columbia, SC 29201

Failure to timely complete and submit this form could result in the loss of your license, authority or certificate to operate in South Carolina.

Return Deadline is August 31, 2018

ELLIOTT & ELLIOTT, P.A.

ATTORNEYS AT LAW

1508 Lady Street
COLUMBIA, SOUTH CAROLINA 29201
sellott@elliottlaw.us

SCOTT ELLIOTT

TELEPHONE (803) 771-0555

FACSIMILE (803) 771-8010

October 25, 2018

VIA E FILING

Jocelyn D. Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Kiawah Island Utility, Inc. for Adjustment of Rates and Charges and
Modifications to Certain Terms and Conditions for the Provision of Water and Sewer
Service
Docket No. 2018-257-WS

Dear Ms. Boyd:

Enclosed please find for filing a Certificate of Service in connection with the above-referenced matter.
By copy of this correspondence, I am also notifying the SC Department of Consumer Affairs.

If you have any questions, or if I may provide you with any additional information, please do not
hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.

Scott Elliott

SE/lbk

Enclosures

cc: Carolyn G. Lybarker, Esquire (w/encl.)

CERTIFICATE OF SERVICE


The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Kiawah Island Utility, Inc. for Adjustment
of Rates and Charges and Modifications to Certain Terms
and Conditions for the Provision of Water and Sewer
Service
Docket No. 2018-257-WS

PARTIES SERVED: Carolyn G. Lybarker
SC Department of Consumer Affairs
P.O. Box 5757
Columbia, SC 29250

PLEADINGS. APPLICATION WITH EXHIBITS

October 25, 2018


Linda B. Kitchens, Paralegal
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
(803)771-0555
linda@elliottlaw.us